

# Overview of the Transportation, Infrastructure, and Capitals Appropriations Subcommittee Budget



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**The Subcommittee reviews budgets and provides funding recommendations for the following budget areas:**

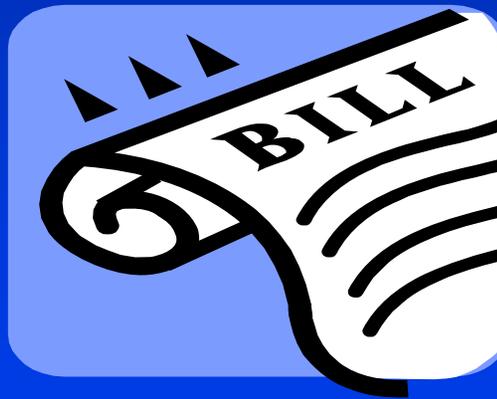
- ◆ **Department of Transportation**
- ◆ **State agencies requesting funding for infrastructure and capital projects**



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**The Subcommittee typically passes two appropriations bills:**

- ◆ **Transportation Appropriations Bill**
- ◆ **Infrastructure Appropriations Bill**



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# Department of Transportation



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# The DOT budget is funded from two sources:

- ◆ Road Use Tax Fund
- ◆ Primary Road Fund
  - ❖ *Primary Road Fund moneys originate from the Road Use Tax Fund.*



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# Road Use Tax Fund Revenues



Motor Vehicle Use Tax (5.0%) + Motor Vehicle Fuel Taxes + Motor Vehicle Registration & Title Fees +

## Other Sources:

- ◆ Driver's License Fees
- ◆ Underground Storage Tank Fees
- ◆ Interest
- ◆ Miscellaneous

=

**\$1.1 Billion  
Annually**

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# Constitutional Mandate

- ◆ Motor Vehicle Fuel Taxes
- ◆ Motor Vehicle Registration & Title Fees
- ◆ Driver's License Fees

**Constitutionally mandated** to be spent for the construction, maintenance, and supervision of the State's public highways.

- ◆ Motor Vehicle Use Tax

**Not constitutionally mandated.**

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# Road Use Tax Fund Off-the-Top Allocations

- ◆ A portion of Road Use Tax Fund revenue is appropriated either through standing appropriations established in the Code of Iowa or through the appropriations process. These Off-the-Top Allocations are used to fund various programs, equipment purchases, facility improvements, and department operations.



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# Examples of Off-the-Top Allocations

## ◆ Standing Appropriations

- ❖ RISE (Revitalize Iowa's Sound Economy)
- ❖ Park & Institutional Roads
- ❖ Highway Safety Projects
- ❖ City/County Bridge Fund
- ❖ County Treasurers

## ◆ Annual Appropriations

- ❖ DOT Operating Appropriations
- ❖ Driver's License Equipment Lease
- ❖ County Treasurers
- ❖ 511 Travel/Weather Information System
- ❖ Transportation Maps

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# Road Use Tax Fund Distributions

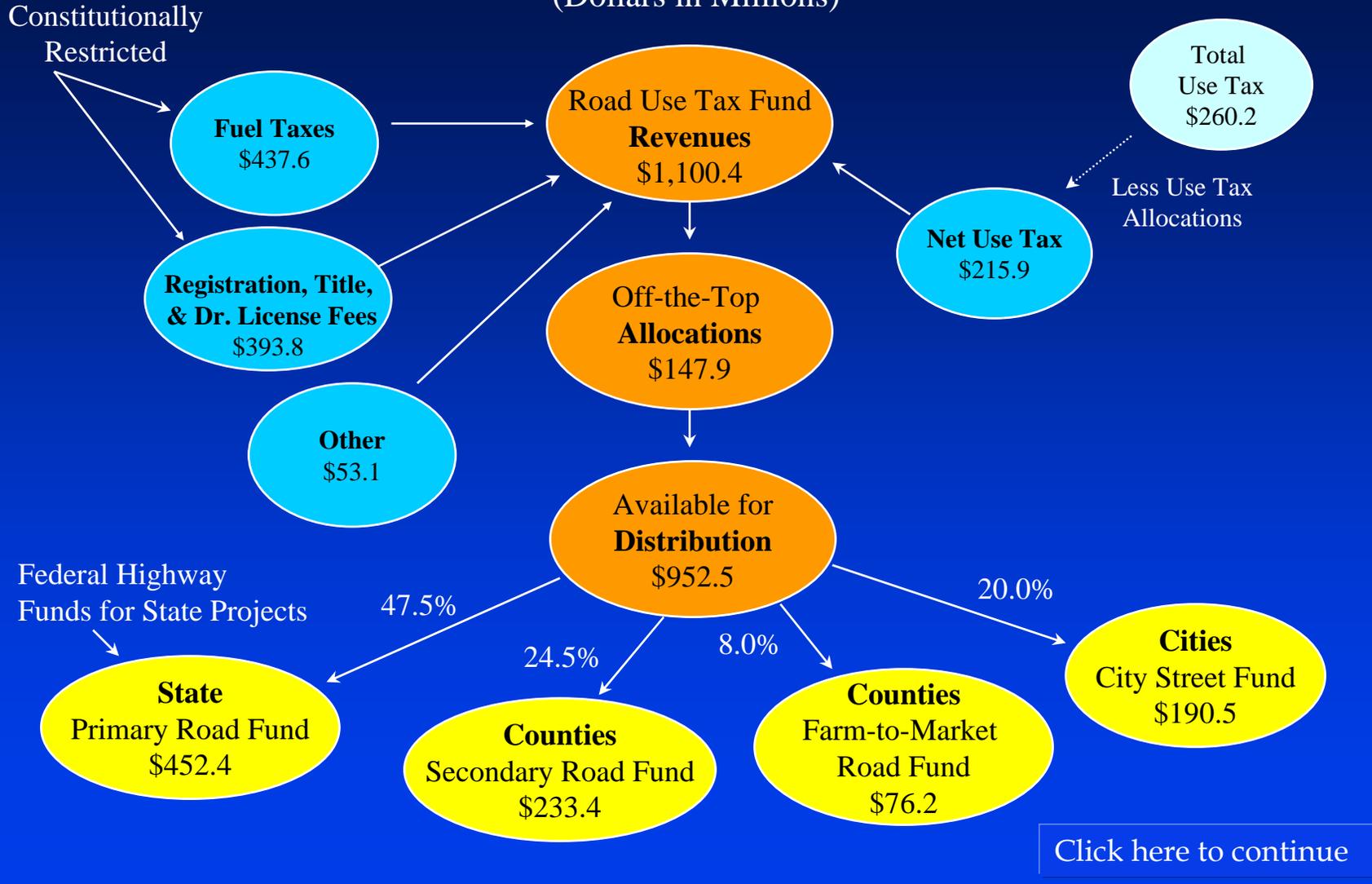


- ◆ After the Off-the-Top Allocations are funded, the remaining Road Use Tax Fund dollars (roughly \$950.0 million) are distributed to the following funds for construction and maintenance of roads:
  - ❖ **Primary Road Fund** (State): 47.5%
  - ❖ **Secondary Road Fund** (Counties): 24.5%
  - ❖ **Farm-to-Market Road Fund** (Counties): 8.0%
  - ❖ **City Street Fund** (Cities): 20.0%

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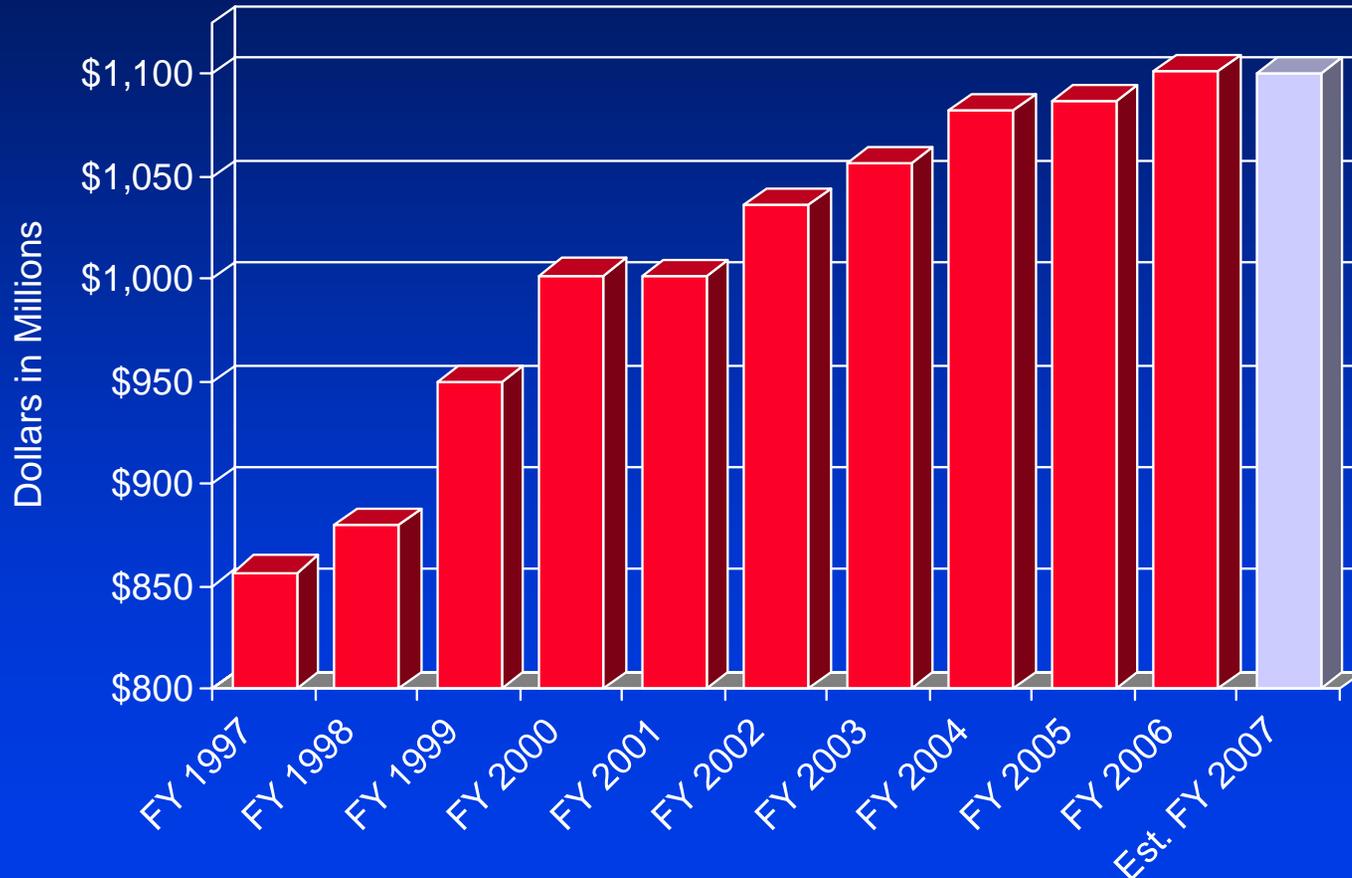
# Estimated FY 2007 Revenues & Allocations

(Dollars in Millions)



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# Road Use Tax Fund Revenues 10-Year Comparison



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# Department of Transportation Budget Units



- ◆ **Operations** – DOT operating divisions.
- ◆ **Special Purpose** – Items that are not directly related to DOT operations, that serve a specific purpose, or that may vary in cost from year to year.
- ◆ **Capitals** – Infrastructure improvements that are typically one-time projects, although funding may be requested for similar projects each year in different locations.

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# Total Department of Transportation

## FY 2008 Request

(Dollars in Millions)

### *By Budget Unit*

	<u>Est. FY 2007</u>	<u>Dept. Req. FY 2008</u>	<u>FY 2008 vs Est. FY 2007</u>	<u>% Change</u>
Operations	\$ 295.3	\$ 298.1	\$ 2.8	0.9%
Special Purpose	15.9	15.1	-0.8	-5.0%
Capitals	3.6	3.3	-0.3	-8.3%
<b>Total</b>	<u><u>\$ 314.8</u></u>	<u><u>\$ 316.5</u></u>	<u><u>\$ 1.7</u></u>	<u><u>0.5%</u></u>
 <b>FTEs</b>	 3,375.0	 3,374.0	 -1.0	

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# Total Department of Transportation FY 2008 Request (Dollars in Millions)

## *By Fund*

	Est. FY 2007	Dept. Req. FY 2008	FY 2008 vs Est. FY 2007	% Change
Road Use Tax Fund	\$ 46.9	\$ 46.7	\$ -0.2	-0.4%
Primary Road Fund	267.9	269.8	1.9	0.7%
<b>Total</b>	<b>\$ 314.8</b>	<b>\$ 316.5</b>	<b>\$ 1.7</b>	<b>0.5%</b>

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# Infrastructure & Capitals



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# ◆ Infrastructure Appropriations Bill – Funding Sources

- ❖ Rebuild Iowa Infrastructure Fund (RIIF)
- ❖ Environment First Fund (EFF)
- ❖ Vertical Infrastructure Fund (VIF)
- ❖ Restricted Capitals Fund (RCF) (Tax-Exempt Bonds - Tobacco)
- ❖ Restricted Capitals Fund (RC2) (Tax-Exempt - Refunded Tobacco Bonds)
- ❖ Technology Reinvestment Fund (TRF)
- ❖ Marine Fuel Tax Fund (MFT)
- ❖ State Aviation Fund (SAF)

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## Rebuild Iowa Infrastructure Fund (RIIF)

- ◆ Wagering Taxes and Riverboat License Fees
- ◆ Interest from the Cash Reserve and Economic Emergency Funds
- ◆ Marine Fuel Taxes
- ◆ RIIF proceeds are to be spent for vertical infrastructure-related purposes and recreational trails.

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## Rebuild Iowa Infrastructure Fund

(Dollars in Millions)

	Actual FY 2006	Est. FY 2007	Est. FY 2008
<b><u>Revenues</u></b>			
Balance Forward	\$ 30.1	\$ 25.0	\$ 52.7
Wagering Taxes/Related Revenues	106.3	129.0	199.2
Interest	12.5	27.0	28.8
Marine Fuel Tax	2.3	2.5	0.0
<b>Total Revenues</b>	<b>151.2</b>	<b>183.5</b>	<b>280.7</b>
<b><u>Appropriations</u></b>			
Environment First Fund	35.0	35.0	35.0
Vertical Infrastructure Fund	15.0	15.0	50.0
Other Appropriations	76.8	82.2	61.5
<b>Total Appropriations</b>	<b>126.8</b>	<b>132.2</b>	<b>146.5</b>
Reversions	-0.6	-1.4	0.0
<b><i>Available for Appropriation</i></b>			<b>134.2</b>
<b>Ending Balance</b>	<b>\$ 25.0</b>	<b>\$ 52.7</b>	<b>\$ 0.0</b>

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## State Wagering Taxes and License Fees

(Dollars in Millions)

	Est. FY 2007	Est. FY 2008
General Fund	\$ 60.0	\$ 60.0
Vision Iowa Funds	15.0	15.0
School Infrastructure Fund	5.0	5.0
Endowment for Iowa's Health Account	70.0	0.0
Rebuild Iowa Infrastructure Fund	129.0	199.2
Total	<u>\$ 279.0</u>	<u>\$ 279.2</u>

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## Environment First Fund

- ◆ Receives an annual appropriation of \$35.0 million from the RIIF.
- ◆ Interest earnings are transferred to RIIF.
- ◆ Funds are used “for the protection, conservation, enhancement, or improvement of natural resources or the environment.”

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## Environment First Fund

(Dollars in Millions)

	<u>Actual</u> <u>FY 2006</u>	<u>Est.</u> <u>FY 2007</u>	<u>Est.</u> <u>FY 2008</u>
<b><u>Revenues</u></b>			
Balance Forward	\$ 0.0	\$ 0.0	\$ 0.0
RIF Appropriation	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>
Total Revenues	<u>35.0</u>	<u>35.0</u>	<u>35.0</u>
<b><u>Appropriations</u></b>			
Dept. of Agriculture	14.0	14.0	0.2
Dept. of Natural Resources	20.5	20.5	0.0
Dept. of Economic Development	<u>0.5</u>	<u>0.5</u>	<u>0.0</u>
Total Appropriations	<u>35.0</u>	<u>35.0</u>	<u>0.2</u>
Reversions	0.0	0.0	0.0
<b><i>Available for Appropriation</i></b>			<b>34.8</b>
Ending Balance	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>

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## Vertical Infrastructure Fund

- ◆ The Fund will receive an appropriation of \$50.0 million in FY 2008 and FY 2009 from RIIF.
- ◆ Funding will sunset at the end of FY 2009.
- ◆ Interest earnings are transferred to RIIF.
- ◆ The funds are to be spent for vertical infrastructure-related purposes only.

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## Vertical Infrastructure Fund

(Dollars in Millions)

	Actual <u>FY 2006</u>	Est. <u>FY 2007</u>	Est. <u>FY 2008</u>
<b><u>Revenues</u></b>			
Balance Forward	\$ 0.0	\$ 0.0	\$ 0.0
RIIF Appropriation	<u>15.0</u>	<u>15.0</u>	<u>50.0</u>
Total Revenues	<u>15.0</u>	<u>15.0</u>	<u>50.0</u>
<b><u>Appropriations</u></b>			
Enacted - Major Maintenance	5.6	10.0	40.0
Other Appropriations	<u>9.4</u>	<u>5.0</u>	<u>0.0</u>
Total Appropriations	<u>15.0</u>	<u>15.0</u>	<u>40.0</u>
Reversions	0.0	0.0	0.0
<b><i>Available for Appropriation</i></b>			<b><i>10.0</i></b>
Ending Balance	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>

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## Restricted Capital Fund

- ◆ Established in FY 2002 to receive \$540.0 million in tax-exempt bond proceeds as a result of tobacco securitization.
- ◆ Funds must be expended by the end of October 2007.
- ◆ The funds are to be spent for depreciable assets that have relatively long useful lives.

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## Restricted Capital Fund

(Dollars in Millions)

	<u>Actual</u> <u>FY 2006</u>	<u>Est.</u> <u>FY 2007</u>	<u>Est.</u> <u>FY 2008</u>
<b><u>Revenues</u></b>			
Balance Forward	\$ 55.8	\$ 0.4	\$ 1.7
Interest	4.5	1.5	0.0
Adjustments	-0.2	-0.2	0.0
Total Revenues	<u>60.1</u>	<u>1.7</u>	<u>1.7</u>
<b><u>Appropriations</u></b>			
Enacted Appropriations	<u>65.9</u>	<u>0.0</u>	<u>0.0</u>
Total Appropriations	<u>65.9</u>	<u>0.0</u>	<u>0.0</u>
Deappropriations	-6.2	0.0	0.0
Reversions	0.0	0.0	0.0
<b><i>Available for Appropriation</i></b>			<b>1.7</b>
Ending Balance	<u><u>\$ 0.4</u></u>	<u><u>\$ 1.7</u></u>	<u><u>\$ 0.0</u></u>

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## Endowment for Iowa's Health Restricted Capitals Fund

- ◆ Established in FY 2006 to receive \$100.5 million in tax-exempt bond proceeds due to the refunding of the tobacco bonds issued in FY 2002.
- ◆ Funds must be expended by the end of November 2011.
- ◆ The funds are to be spent for depreciable assets that have relatively long useful lives.

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**Endowment for Iowa's Health  
Restricted Capital Fund**  
(Dollars in Millions)

	Actual <u>FY 2006</u>	Est. <u>FY 2007</u>	Est. <u>FY 2008</u>
<b><u>Revenues</u></b>			
Balance Forward	\$ 0.0	\$ 102.4	\$ 0.6
Bond Proceeds	100.5	0.0	0.0
Interest	1.9	2.0	0.0
Total Revenues	<u>102.4</u>	<u>104.4</u>	<u>0.6</u>
<b><u>Appropriations</u></b>			
Enacted Appropriations	<u>0.0</u>	<u>103.8</u>	<u>0.0</u>
Total Appropriations	<u>0.0</u>	<u>103.8</u>	<u>0.0</u>
Reversions	0.0	0.0	0.0
<b><i>Available for Appropriation</i></b>			<b><i>0.6</i></b>
Ending Balance	<u><u>\$ 102.4</u></u>	<u><u>\$ 0.6</u></u>	<u><u>\$ 0.0</u></u>

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## Technology Reinvestment Fund

- ◆ Established in FY 2007.
- ◆ Receives a General Fund standing appropriation of \$17.5 million.
- ◆ Interest earnings are transferred to RIIF.
- ◆ The funds are to be used “for the acquisition of computer hardware and software, software development, telecommunications equipment, and maintenance and lease agreements associated with technology components and for the purchase of equipment intended to provide an uninterruptible power supply.”

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## Technology Reinvestment Fund

(Dollars in Millions)

	Est. <u>FY 2007</u>	Est. <u>FY 2008</u>
<b><u>Revenues</u></b>		
Balance Forward	\$ 0.0	\$ 0.0
General Fund Appropriation	<u>17.5</u>	<u>17.5</u>
Total Revenues	<u>17.5</u>	<u>17.5</u>
<b><u>Appropriations</u></b>		
Enacted Appropriations	<u>17.5</u>	<u>0.0</u>
Total Appropriations	<u>17.5</u>	<u>0.0</u>
Reversions	0.0	0.0
<b><i>Available for Appropriation</i></b>		<b><i>17.5</i></b>
Ending Balance	<u><u>\$ 0.0</u></u>	<u><u>\$ 0.0</u></u>

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## Marine Fuel Tax Fund

- ◆ A new fund established in FY 2008 through HF 2782 (Infrastructure Appropriations Act)
- ◆ Receives the excise tax on watercraft motor fuel (nine-tenths of 1.0% of motor fuel tax). Prior to FY 2008, these taxes were deposited into RIIF.
- ◆ The excise tax generates approximately \$2.5 million annually.
- ◆ The funds will be administered by the DNR and are to be used to benefit recreational boating.

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## State Aviation Fund

- ◆ A new fund established in FY 2008 through HF 2782 (Infrastructure Appropriations Act)
- ◆ Receives the excise tax on aviation fuel and aircraft registration fees. Prior to FY 2008, these taxes were deposited into the General Fund.
- ◆ The excise tax and registration fees generate approximately \$2.0 million annually.
- ◆ In FY 2008, the Fund will receive 50.0% of the excise tax and registration fees (\$1.0 million). In FY 2009, 100.0% of the taxes and fees will be deposited into the Fund (\$2.0 million).
- ◆ The funds will be used for airport engineering studies, construction and improvements, and the wind sock program for public airports.

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**Total Infrastructure-Related Funds Available  
for Appropriation in FY 2008**  
(Dollars in Millions)

	Est. FY 2008
Rebuild Iowa Infrastructure Fund	\$ 134.2
Environment First Fund	34.8
Vertical Infrastructure Fund	10.0
Restricted Capitals Fund	1.7
Endowment for Iowa's Health Restricted Capitals Fund	0.6
Technology Reinvestment Fund	17.5
Marine Fuel Tax Fund	2.5
State Aviation Fund	1.0
Total	<u>\$ 202.3</u>

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## Summary of FY 2008 Appropriation Requests

(Dollars in Millions)

### Department of Transportation

Primary Road Fund	\$	269.8
Road Use Tax Fund		46.7
Total	\$	<u>316.5</u>
Total		

### Infrastructure and Capitals

Rebuild Iowa Infrastructure Fund	\$	364.4
Environment First Fund		44.9
Vertical Infrastructure Fund		40.0
Technology Reinvestment Fund		19.1
Endowment for Iowa's Health Account		5.0
State Aviation Fund		1.6
Total	\$	<u>475.0</u>
Grand Total	\$	<u><u>791.5</u></u>

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